

# A 'Slow Squeeze' by Japan

## Investment Reversal Starves World of Funds

**By James Stern**  
*New York Times Service*

TOKYO — After investing hundreds of billions of dollars abroad during the 1980s, Japan has reversed course and is pulling money into the country at a rapid rate.

Japanese banks are lending less to foreign customers, particularly in places where business conditions are difficult, such as California. Japanese corporations are building fewer plants abroad and acquiring fewer companies. And big Japanese investors are selling, rather than buying, American securities they spent nearly a decade buying in large sums.

At the same time, foreign investors have become the largest purchasers of Japanese stocks and bonds. The result is that instead of \$100 billion or more flowing out of Japan each year, \$30 billion to \$40 billion a year is flowing in.

The sharp and unexpected swing in Japanese capital is putting upward pressure on interest rates in the United States and making it tougher for other countries — including those in Eastern Europe and the former Soviet Union — to import the money they need to grow, some economists say. With the flood tide of Japanese money having dried up, these other countries must find alternative sources of money, reduce their demands or compete harder for what money is available by offering higher interest rates to attract investment.

During the years of enormous Japanese investment in the United States, some economists warned that the United States was left vulnerable to an abrupt withdrawal. If the Japanese merely slowed their purchases



Jean-Marie Le Pen, leader of the far-right National Front, at the polls Sunday. His party scored 14 percent of the vote.

# French Voters Deal Socialists Worst Result In 2 Decades

## Party Takes Only 19% In Regional Elections, Far Right Gains Ground

**By William Drozdiak**  
*Washington Post Service*

NICE — France's governing Socialist Party suffered a crushing defeat in regional and local elections Sunday, plummeting to its worst showing at the polls in more than two decades.

The **National Front** confirmed its ascendancy as Europe's biggest far-right party.

The Socialists captured about 19 percent of the vote, as many of their disillusioned former supporters defected to the upstart Greens party and to the other ecology-based party, Ecology Generation. The Greens alliance was expected to receive about 13 percent of the vote.

The mainstream conservative alliance received about 33 percent, while the Communists were held to about 8 percent.

The anti-immigrant party headed by Jean-Marie Le Pen capitalized on growing anxiety over the influx of North African workers and their families to secure about 14 percent of the nationwide vote, its highest score ever.

Laurent Fabius, the Socialist Party leader, called the National Front result "a dangerous and fearsome breakthrough."

He urged the Socialists and center-right opposition parties to join forces in the second round of local balloting next Sunday to block the extreme right from gaining control of any city halls.

Prime Minister Edith Cresson acknowledged that the dismal results by the Socialists were a setback for her government. But she refused to call it a defeat because her main opponents did not profit from the steep decline in support for the Socialists.

The mainstream conservative alliance, the Union for France, led by former Prime Minister Jacques Chirac and former President Valéry Giscard d'Estaing, dropped 6 points from the last regional elections, held in 1986, to wind up with about 33 percent of the vote.

Despite widespread speculation that President François Mitterrand may soon dismiss her, Mrs. Cresson said after Sunday night's results became clear, "I intend to continue governing with all of those progressive forces that wish to join me."

Mr. Chirac said the election outcome "is just."

See FRANCE, Page 6

# Darkening Nuclear Imbroglio

## Missile Accord Among Ex-Soviets Appears More Remote

**By Fred Hiatt**  
*Washington Post Service*

MOSCOW — Months after U.S. officials appeared to have reached an understanding with non-Russian republics about the future of nuclear weapons in the former Soviet Union, the situation seems as muddled and potentially dangerous as when the country collapsed.

U.S. officials believed they had achieved agreements that would leave only Russia as a nuclear state. Belarus, Ukraine and Kazakhstan were to transfer their tactical nuclear weapons to Russia by July 1 of this year for dismantlement, and their longer-range strategic missiles were to be transferred on a defined schedule after that.

But now Ukraine has halted the transfer of weapons, and a senior general here said there was almost no chance of meeting the July 1 schedule. Kazakhstan has shipped all its tactical nuclear warheads to Russia but is expressing reservations about giving up its intercontinental missiles. Even Belarus, while forging ahead with previously reached agreements, seemed tempted by the Ukrainian example last week.

And the issue of how the four nations should control the nuclear weapons during a transitional period also has been reopened for debate, according to Ukrainian officials.

### NEWS ANALYSIS

The result is that a major goal of U.S. diplomacy since the breakup of the Soviet Union — ensuring that the number of nuclear nations in this region stays at one — is again in doubt. And any hope that the situation would be quickly clarified disappeared in the acrimony of a summit meeting of leaders of former Soviet republics on Friday that resolved almost nothing and left some presidents fairly spitting sarcasm at each other.

All three non-Russian republics Russia and Ukraine are to set up a panel to monitor the destruction of nuclear warheads. Page 4

### Kiosk

#### Truce Elusive In Cambodia

**KOMPONG THOM, Cambodia (Combined Dispatches)** — United Nations officials said Sunday that fighting between the Khmer Rouge and Phnom Penh government forces had reached the outskirts of this northern capital, fresh evidence that a cease-fire in the civil war is still elusive a week after UN forces began a major deployment here.

The officials said that shelling was reaching the city limits and that battles were going on 6 kilometers (4 miles) from Kompong Thom.

Representatives of the four factions that supposedly ended their civil war last year were meeting in Phnom Penh on Sunday to try to work out a cease-fire.

(AFP, LAT, Reuters)

### General News

#### The Arab League backed Libya over sanctions. Page 3.

**Fashion** Five designers electrified Paris shows. Page 18.

**Business/Finance** Pakistan lashed a bond issue after the U.S. said it could aid money launderers. Page 17.

U.S. authorities are investigating a new short squeeze in Treasuries. Page 13.

Mr. Kohl said they had discussed a coordinated Western approach to providing "self-help" to the former Communist states of Central and Eastern Europe. The chancellor said that an agreement in the trade talks, which are aimed at lowering

trade barriers, was "of paramount importance for the world economy."

But alluding to the U.S.-European dispute, he declared, "Obviously, when we talk about compromise, it means both sides have to move."

Noting relief packages that both the United States and Germany have extended to the former Soviet states, Mr. Kohl said, "Obviously we cannot go on doing this kind of thing indefinitely."

At their joint news conference at the White House, Mr. Bush received what amounted to an unabashed re-election endorsement from Mr. Kohl, who said that the dramatic changes in Europe and elsewhere would not have taken place "had President Bush not proved to be such a strong leader."

Mr. Bush, battered in public-opinion polls and locked in a bitter fight with Congress over his economic growth package, said: "I am convinced that foreign policy and world peace are going to be a major issue in the fall. The debate has not been joined on that."

Mr. Kohl will be host of the July summit See KOHL, Page 6

Washington — President Boris N. Yeltsin of Russia suffered an important defeat during the weekend as Tatarstan voted in favor of home rule in a referendum that threatens the unity of the Russian Republic.

In two last-minute appeals to Tatarstan, the last over nationwide television on the eve of Saturday's voting, Mr. Yeltsin urged first the abandonment of the referendum itself, and then a "no" vote in language that spoke threateningly of interstate conflict and confrontation with Russia.

# Tatarstan Backs Home Rule, Defying Yeltsin's Plea for Russian Unity

**By Steve Erlanger**  
*New York Times Service*

MOSCOW — President Boris N. Yeltsin of Russia suffered an important defeat during the weekend as Tatarstan voted in favor of home rule in a referendum that threatens the unity of the Russian Republic.

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# After Bush-Kohl Talks, Trade Impasse Remains

**Compiled by Our Staff From Dispatches**

WASHINGTON — President George Bush and Chancellor Helmut Kohl wrapped up a weekend of informal talks Sunday by reiterating their resolve to break the deadlock on global trade.

But the two leaders announced no breakthrough in the talks under the General Agreement on Tariffs and Trade, which are stalled over American insistence that Europe eliminate agriculture subsidies.

The leaders, who met for two days at the presidential retreat at Camp David, Maryland, also reviewed the troubles inside the former Soviet Union.

"We agreed that as Russia and other new democracies adopt reform programs, we and the rest of the G-7 countries should take the lead in expanding financial support through the international financial institutions," Mr. Bush said.

Mr. Kohl said they had discussed a coordinated Western approach to providing "self-help" to the former Communist states of Central and Eastern Europe. The chancellor said that an agreement in the trade talks, which are aimed at lowering



BANGKOK BALLOTING — Soldiers lining up to vote in Thailand's first general elections since a junta took over 13 months ago. Page 6.

# Washington's Political Class Asks: Is There Life After Perks?

**By Maureen Dowd**  
*New York Times Service*

WASHINGTON — A guillotine has not yet appeared on the Potomac, but the mood here is very tense.

For years, the capital has had a caste system that allowed its top officials immunities and emoluments and deference and perquisites.

Now that voters have sent a message that they are fed up with pampering, preening and prodigal behavior among the Washington aristocracy, many here are gloomily assessing whether it is worth living in a world where they are expected to behave like ordinary mortals.

"You might as well be in Des Moines," grumped John C. White, a lawyer and former Democratic Party national chairman.

Joseph Canzari, a public relations consultant who was an aide to Nelson A. Rockefeller, complained, "It might as well be Albany."

Tom Korologos, a Republican lobbyist, said, "Why not just go to Salt Lake City and open a gas station?"

Jack Brooks, the cigar-chomping veteran Texas congressman, said he was not enamored in the limousines of the leadership.

Mr. White, another ebullient Texasan, agreed that "the Great Man syndrome is important."

"They've already taken the sex and drinking out of politics," Mr. White said. "Hell, if they get this thing where you can't exhibit a little sense of power — that's what drives this city," he went on, a bit tongue-in-cheek.

"If you can't have a private elevator and be able to cash checks, I really don't see any reason to go through this rigamarole. If you don't have a policeman to stop traffic to let you walk across the street like you are somebody, how are you going to know you're somebody?"

And with that insight into the psychology of power, Mr. White raised an intriguing question about politicians' struggles to take a more spartan stance, pushed by voters whose temptations are ragged from the long recession:

How can Beltway mandarins who signal their status through their trappings and perks — from Nancy Reagan's "borrowed" designer dresses to John H. Sununu's trips to the dentist on military aircraft — feed their egos in a no-frills universe?

Or could the zealous reformers be going too far? Is it so wrong for members of See PERKS, Page 6

# American Lingo Trips U.K. Political Tongues

**By William E. Schmidt**  
*New York Times Service*

LONDON — As Britain enters the second week of its monthlong election campaign, voters sometimes find their perspective blurred by the latest fog from the other side of the Atlantic: Suddenly, the air over England is thick with the jargon of American politics.

On television and radio, voters are now regularly counseled by "spin doctors," or campaign aides assigned to recast even the most horrific gaffe in a favorable light. The phenomenon is old, but for Britons, the terminology is not.

Even the carefully precise BBC announcers can't help themselves.

See BRITAIN, Page 6



كنا من النهر

# A Scrappy Campaign in View

## Skeptical Voters Put Heat on Vulnerable Candidates

By Dan Balz and David S. Broder  
*Washington Post Service*

WASHINGTON — Democratic and Republican professional forecasters foresee a presidential campaign between George Bush and the likely Democratic nominee, Governor Bill Clinton of Arkansas, as a potential test of two tough but vulnerable candidates as they confront the doubts of an uneasy electorate.

These are two aggressive politicians, career politicians, each of whom knows his personal support is soft, said Ann Lewis, a Democratic consultant. "That is a recipe for a tough, slugfests election. I don't think this one is going to soar."

Unless the economy rebounds dramatically in the next few months, Mr. Bush faces a reelection campaign on the unpropitious terrain of domestic issues, where middle-class voters question his commitment to their economic futures. But Mr. Clinton, dogged by questions about his character, must define himself in more positive terms, lest Mr. Bush and the Republicans get there first and reinforce those doubts.

Mr. Clinton's remaining challenger is Edmund G. (Jerry) Brown Jr., a former governor of California, but because there are no winner-take-all Democratic primaries it will be virtually impossible for Mr. Brown to overtake him.

So the leaders' campaigns have begun to shift their focuses to the general election. They see a contest in which geography — particularly California — may hold the key to Democratic hopes, and where demography



Bill Clinton making a pizza at a New Haven restaurant while campaigning for the Connecticut primary, which takes place Tuesday.

# In Arkansas, a Chief Cozy With Business

By David Maraniss and Michael Weiskopf  
*Washington Post Service*

SPRINGDALE, Arkansas — Don Tyson kills 25 million chickens a week on his assembly line, 10 times as many birds as there are people in Arkansas. The annual revenue of his firm, Tyson Foods, the largest in the state's dominant industry, is twice the size of the Arkansas budget.

These figures alone help explain a key equation in the state that Bill Clinton, the Democratic presidential contender, has governed for 11 years: Chickens equal political power. Nowhere is that connection more evident than here in the rolling hills of northwest Arkansas, where Mr. Tyson is president of a \$4 billion family business that is the world's leading chicken processing company.

The boom years for Mr. Tyson parallel Mr. Clinton's time as a governor consumed with the cause of economic growth for his rural, impoverished state. How Mr. Clinton has dealt with Mr. Tyson and the powerful poultry industry during those years reveals much about the style and the substance of his five terms as governor.

For the most part, the two men's relationship has been one of mutual benefit, helping Mr. Tyson expand his operations and Mr. Clinton ascend politically.

governor comfortable with the cozy interplay between big business and government, more interested in accommodation than confrontation, sometimes hesitant to challenge the state's entrenched economic interests.

In his desire to improve the economic climate, Mr. Clinton in the last decade has used tax breaks, development grants and at times lenient environmental regulations to turn Arkansas into a comfort zone for industry, including some of the heaviest polluters.

Tyson received \$7.8 million in tax breaks for expanding its plants and work force from 1988 to 1990. Whether the assistance that the Clinton administration gave Tyson had any impact on the company's decisions to expand is debatable.

When Tyson was deciding whether to build a \$40 million processing plant in Pine Bluff, the Clinton administration gave the city a \$900,000 grant to build new roads and improve the infrastructure at the proposed site and granted Tyson tax credits for bringing new jobs to the area.

Wally Gieringer, director of the Pine Bluff industrial foundation, said the governor's role was crucial. "Without his approval and without his direct contact with the company on our behalf, I question whether we would have landed the plant," Mr. Gieringer said.

dends for him as well. Tyson Foods has provided free airplane rides for the governor and his wife, and its executives have helped him with thousands of dollars in campaign contributions and industry fund-raising efforts, which have fueled Mr. Clinton's reelection campaign and his race for president.

The easy play between poultry leaders and the governor does not sit as well, however, with the families who feel they have been victimized by the pollution caused by chicken waste. Nearly half of the 600 miles (1,000 kilometers) of streams in the northwestern part of Arkansas, where the poultry industry is centered, are considered so heavily polluted by waste that they are off-limits to swimmers.

Brownie Ledbetter, director of the Arkansas Public Policy Project, said the governor's attitude toward poultry companies and other big industries seemed rooted in the cozy traditions of old-style Southern politics.

"The corporate folks have dominated this state economically and politically since it was a territory," she said. "That is not Bill's fault."

"He's just following the great Southern economic development plan — come to us, we have cheap wages, few unions, all the tax breaks you could want and lousy environmental regulations."

Clinton Defends Plane Trips

Mr. Clinton defended taking rides on the Tyson corporate jet, saying Sunday that the state only has one airplane and that he tries to use the state plane when he can. The Associated Press reported.

# Clinton Golfed at All-White Club

New York Times Service

HARTFORD, Connecticut — After months of presenting himself as a Southern candidate with a good civil rights record, Governor Bill Clinton of Arkansas has suddenly found himself under criticism for a classic gesture of racial separation: playing golf at an all-white country club.

Mr. Clinton was chided by a leader of the National Association for the Advancement of Colored People in Little Rock and by Governor L. Douglas Wilder of Virginia for playing at the Country Club of Little Rock, an upper-crust bastion in the Ar-

kanas state capital, most recently last week.

Mr. Clinton quickly acknowledged that he had made a mistake and vowed never to play at the club again until it was integrated.

He said his chief of staff, William Bowen, was leading an effort to integrate the club. Mr. Bowen said that he and others were sponsoring nonwhite candidates for membership, but that no application had been acted on yet.

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GAME 2	12	13	14	15	16	17	18	19	20	21
GAME 3	12	13	14	15	16	17	18	19	20	21
GAME 4	12	13	14	15	16	17	18	19	20	21
GAME 5	12	13	14	15	16	17	18	19	20	21
GAME 6	12	13	14	15	16	17	18	19	20	21
GAME 7	12	13	14	15	16	17	18	19	20	21
GAME 8	12	13	14	15	16	17	18	19	20	21
GAME 9	12	13	14	15	16	17	18	19	20	21
GAME 10	12	13	14	15	16	17	18	19	20	21

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# AMERICAN TOPICS

## Stripping Lawyer Fees Of All Their Extras

"If a client does not complain about a bill, it isn't high enough." So John J. McCoy, the former diplomat and New York lawyer, used to tell newcomers to his law firm.

Indeed, David Margolick reports in The New York Times, lawyers have long calculated their fees arbitrarily, often erring on the side of extravagance. Clients, either intimidated or deferential, rarely objected.

Now, however, there is a growing number of companies that monitor legal bills. The oldest and busiest may be Legalard Inc. of Philadelphia, which primarily serves insurance companies and corporations. Begun only five years ago, it employs 80 people. Most are attorneys-turned-investigators.

"Lawyers were the last of the sacred cows," said Legalard's chairman, John J. Marquess. He said his investigators found irregularities on four of every five bills for legal services. Examples:

• A lawyer in Century City, California, billed a client for 50-hour workdays. Mr. Marquess observed that "nobody has an excuse for billing more than 24 hours a day."

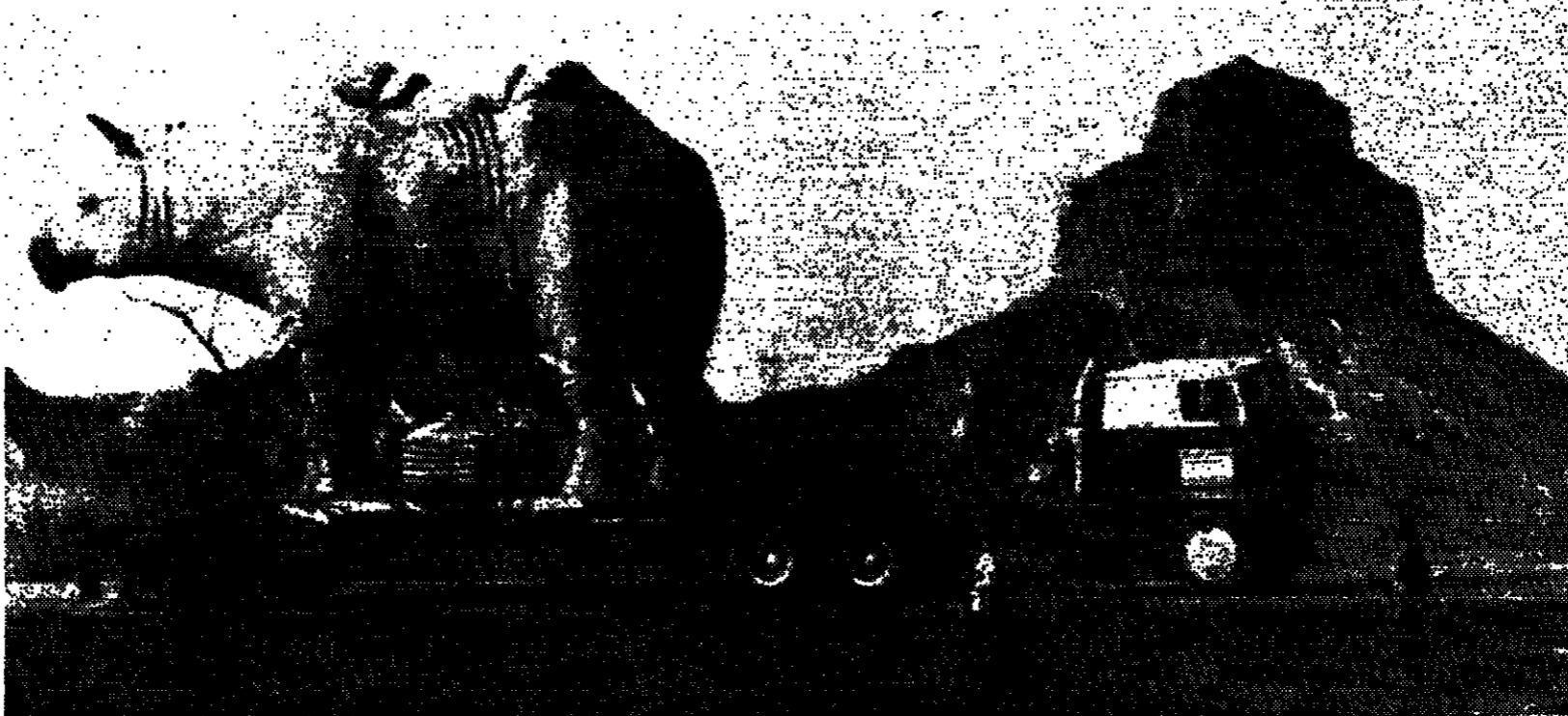
• A Los Angeles lawyer charged a client in 135 separate cases for the same piece of legal research — the definition of a "collapsed" condominium.  
• A prominent New York law firm charged \$375 an hour for time one of its partners spent making photocopies.

## About People

Since Lynn M. Martin, a former Illinois congresswoman, became secretary of labor a year ago, she has spent half a dozen half-days working quietly at ordinary jobs — clerking at a dress shop, cutting sugarcane or assembling coffee makers in a factory. "A labor secretary more than any other government official should be listening to people's problems in the workplace," said Mrs. Martin, 52. "Otherwise you cannot speak for them."

## Short Takes

The U.S. Postal Service expects to make \$20 million out of the Elvis Presley stamp, a spokesman said. It predicts half will be collected and never used. This would allow the service to pocket all 29 cents for each stamp without having to provide a service. Next month post offices will get 5 million ballots for the first-ever public vote on a stamp design. Those who pay 19 cents for a ballot can choose between a younger Elvis and an older Elvis. "It's a great way to get the public more in-



**HISTORY ON THE MOVE** — A replica of a giant baluchitherium, a prehistoric mammal related to the rhinoceros, delicately secured to the bed of a truck and en route to a museum in Gering, Nebraska. The model was made from a former exhibit at the Morrill Hall Museum of the University of Nebraska in Lincoln.

involved," said Anthony M. Frank, who retired as postmaster general last week. He added that this "is a highfalutin way of saying, 'It's great free publicity!'"

A bill to celebrate the 200th anniversary of the Democratic Party during the current presidential election campaign has passed the

Senate and is now before the House of Representatives. Both chambers are controlled by the Democrats. President George Bush, a Republican, is expected to veto the bill even though the Democrats did start out in 1792 by calling themselves Republicans; they did not switch names until 1840. The bill, snuffed the White

House in a statement, is "constitutionally suspect."

Frank Rich of The New York Times says Mike Nichols's version of "Death and the Maiden," which has just opened on Broadway, is nothing but a collection of star turns by Glenn Close, Richard Dreyfuss and Gene Hackman.

Mr. Rich says the play does not match the "current and terrifying London production," nor "replicate its blood-curdling, locked-room atmosphere."

Pennsylvania State University has a golf course — that is, it offers a class for academic credit in golf-course management. The

school is the fourth in the country to offer a program endorsed by the Professional Golfers' Association of America. Students are expected to play a good game of golf, with a handicap of eight or below.

Arthur Higbee

# Ukraine And Russia Setting Up Atom Panel

KIEV — Russia and Ukraine will set up a committee to monitor the destruction of nuclear warheads, President Leonid M. Kravchuk said Sunday.

Mr. Kravchuk said on television that he was not yet ready to resume the transfer of Ukraine's tactical nuclear warheads to Russia. He suspended the process 10 days ago, saying he wanted Western powers to monitor their destruction.

Mr. Kravchuk said he had agreed with the Russian president, Boris N. Yeltsin, on Friday to set up a four-nation committee as a first step toward resolving the issue. The other members would be the former Soviet Union's remaining two nuclear republics, Kazakhstan and Belarus.

Ukraine had originally agreed that the warhead removal should be completed by July 1.

Mr. Kravchuk said Ukraine was concerned by reports of nuclear materials going missing. "I am afraid that one day they will find a nuclear warhead for sale with a serial number on it," he said. "I don't want the world community to find it came from Ukrainian territory."

The Ukrainian president said that the Commonwealth of Independent States, which held a summit meeting in Kiev on Friday, was not working because none of its decisions were being carried out.

He said the Commonwealth, 100 days old, had failed in both of its aims: organizing a "civilized divorce" for the former Soviet republics and creating a mechanism for solving common problems.

"The leading state of our Commonwealth — Russia — is acting autonomously, and all the others have to follow along behind, in step," Mr. Kravchuk said. "This can never bring a positive result because it suppresses the interests of the other states."

Rather than helping resolve the problems of the individual republics, the Ukrainian leader said, the Commonwealth was becoming merely a screen behind which each country pursued its own interests.

Mr. Kravchuk complained that Russia's refusal to agree to an overall share-out of Soviet assets was making it impossible for Ukraine to set up its own embassies abroad and put its case to the world.

He accused Russia's diplomatic missions and media of deliberately distorting Ukraine's positions.

# UN Team Checks Iraq Story on Arms

## An 'Active Day,' but No Conclusions on Status of Scuds

BAGHDAD — A United Nations team has begun checking Iraqi Scud-missile equipment scheduled for destruction and investigating whether Baghdad has, as it declared last week, scrapped some weapons on its own. "The inspection team has had an

active day in the field taking the first steps to verify some of the information disclosed by the Iraqi government," said the team leader, Derek Boothby, on returning to his hotel Sunday.

He refused to give details of what the 35-member team had achieved since arriving in Iraq on Saturday.

The UN team is to supervise the destruction of equipment, including launchers and propellant mixers, at four plants that built Scud missiles fired on Saudi Arabia and Iraq during the Gulf War.

Until Friday, Baghdad had refused to wreck the equipment, asserting that it could be used in civilian industry.

In a letter to Rolf Ekens, the head of the UN commission set up to oversee elimination of Iraq's arsenal under Gulf War cease-fire terms, Baghdad also said Friday that it was willing to disclose its arms programs fully. It gave an accounting of previously undeclared missiles and chemical warheads.

Iraq said a substantial number of its 800 missiles were destroyed last summer without UN supervision. It also provided information on chemical warheads that Baghdad was suspected of hiding. The UN team has to verify the Iraqi assertions.

Mr. Ekens, who hailed the information as a change of policy, says that when he is satisfied inspectors know enough about the weapons programs he will recommend the easing of UN sanctions that led to food and medicine shortages.

The United Nations was promised action by the Iraqi deputy prime minister, Tariq Aziz, after warnings from the Security Council of "serious consequences" if Baghdad failed to comply. U.S. and British officials had warned of attacks on Iraqi military targets.

An Iraqi technical delegation met with officials of the International Atomic Energy in Vienna over the weekend and was expected to discuss plans for demolition of a nuclear plant near Baghdad.

# Israeli Army Lifts Gaza Travel Ban

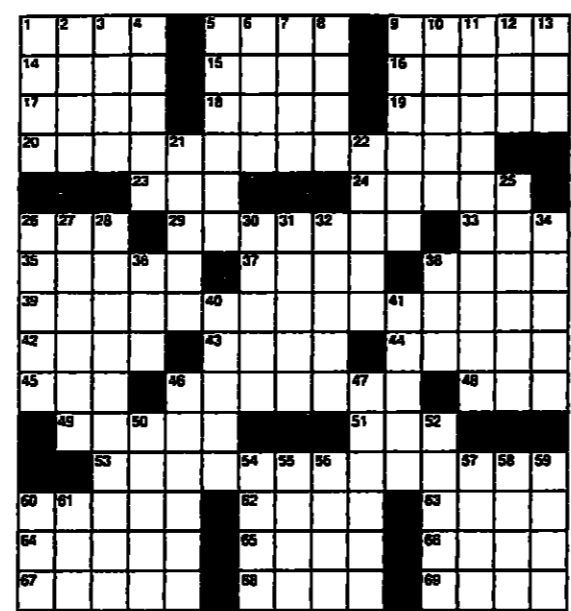
The Associated Press

JERUSALEM — Israel on Sunday lifted a travel ban imposed two days earlier on Arabs in the occupied Gaza Strip, permitting tens of thousands of Palestinians to report to work in Israel, the military said.

The restrictions came in response to a stabbing attack in Jaffa by a man from Gaza in which two Israelis were killed. The ban had prevented more than 50,000 Palestinians from going to work in Israel.

- ACROSS
- 1 Bullets and bombs, for short
- 3 Wallaba trees
- 9 Thicket
- 14 Sound a horn
- 15 Nev. city
- 16 Earthy color
- 17 This, in Avila
- 18 Within: Comb. form
- 19 "Platoon" director
- 20 Schwarzenegger film
- 22 Collection of sayings
- 24 Irritated
- 26 Acronym for a war projectile
- 29 Of the Muslim faith
- 33 Vietnamese holiday
- 35 Separately
- 37 Sponsorship
- 38 Use a stopwatch
- 39 Schwarzenegger film
- 42 A son of Seth
- 43 Scarebabe
- 44 Ohio or Iowa
- 45 Shepard or Wanamaker
- 46 Bottomless pits
- 48 Trevino of golf
- 49 Release
- 51 Moisture
- 53 Schwarzenegger film
- 60 Severe
- 62 Awkward fellow
- 63 Swan or gainer
- 64 Fortuneteller's card
- 65 Compent
- 67 Early garden
- 68 Church parts
- 69 Require
- 69 Depression

- 10 Based on the number eight
- 11 Of speech sounds
- 12 V.I.P. in D.C.
- 13 Before, to the Bard
- 21 Join together
- 22 Ground grain
- 25 Reduce in rank
- 26 "For Heaven and the future's" — Frost
- 27 Relating to backbones
- 28 Pressure gauges
- 30 Having long, shapely limbs
- 31 Culture mediums
- 32 Embogs
- 34 Cone-shaped tent
- 36 Sis.' kin
- 38 Explosive letters
- 40 Automaton (see 53 Across)
- 41 City in the Ruhr valley
- 46 Representatives
- 47 Redacted
- 50 Pang
- 52 Walked through water
- 54 Dash
- 55 Judge's garment
- 56 Lounging slipper
- 58 Hot spot
- 59 Lease
- 60 RR stop
- 61 Strike lightly



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**Solution to Puzzle of March 20**

MADAM TRAP HAITI  
 ALTINE VOIR ARTIA  
 LARKNEST MONSTER  
 ENTITATE HESITANT  
 RAVE DICE  
 MEDALIST TONGUED  
 ANTI STES LEAVE  
 CROWSHEANEDLES  
 RODEO ELON ENT  
 OLEARIY SUSPENSE  
 KEAS TITON  
 SALESIAN GRAPAS  
 WRENTALCONTRACT  
 ANNE DOOR ENTLE  
 GOER APSE RENEW

- DOWN
- 1 Encourage a criminal
- 2 Entwine
- 3 Allot
- 4 "Carmen" or "Faust"
- 5 Sports areas
- 6 Sean of Hollywood
- 7 Oppositionist
- 8 Shortly
- 9 Enormous

**HE'S A GRADUATE  
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**Thai**

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COMMON MISPERCEPTION = 2

Ukraine  
And Russia  
Setting Up  
Atom Park

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CZECHOSLOVAKIA	00-420-00101	IRELAND	1 800-550-000	SPAIN*	900-99-00-11
DENMARK*	8001-0010	ISRAEL	177-100-2727	SWEDEN*	020-795-611
EGYPT*†	356-0200	ITALY*	172-1011	SWITZERLAND*	155-00-11
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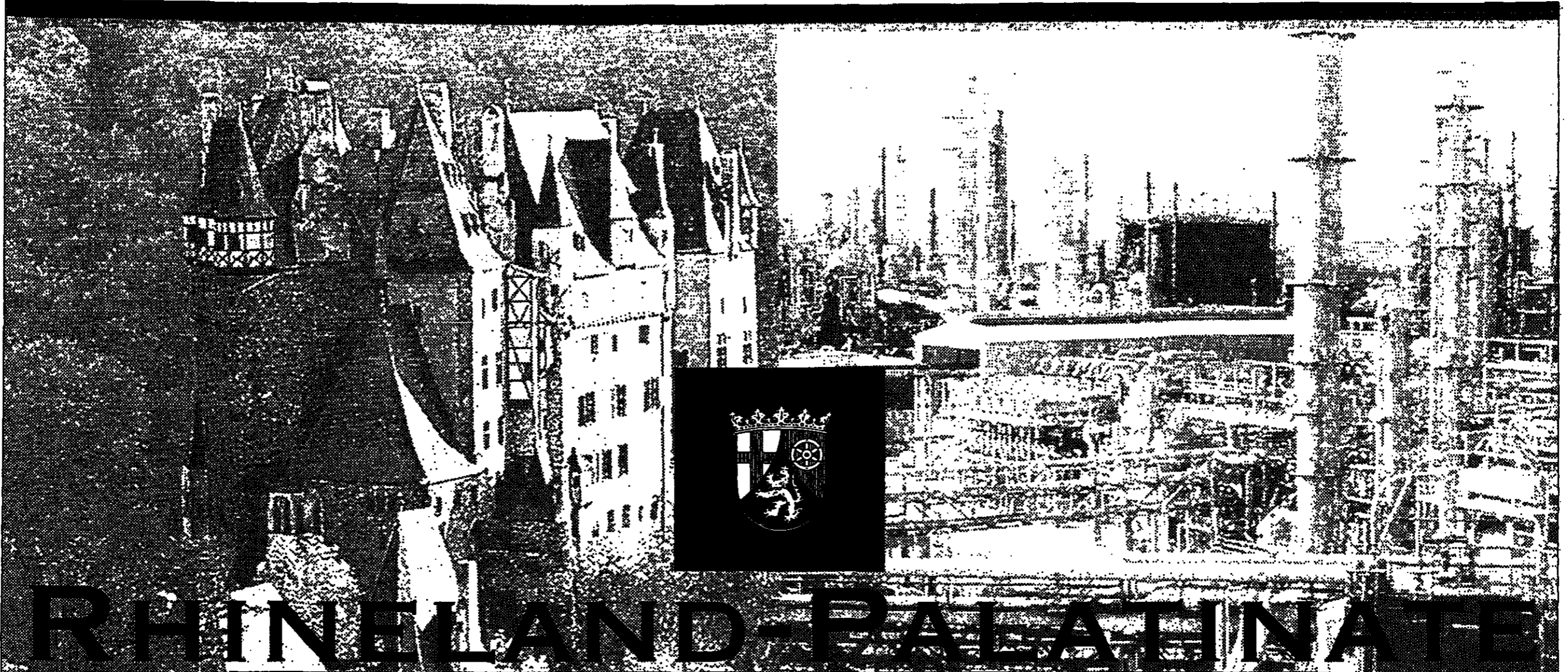
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# RHINELAND-PALATINATE

## THE LAND OF OPPORTUNITIES

### A HARD-WON SUCCESS STORY: THE RHINELAND-PALATINATE

1990 MARKED A TURNING POINT IN THE SHORT BUT HIGHLY EVENTFUL HISTORY OF THE RHINELAND-PALATINATE. IN ITS THREE-AND-A-HALF DECADES OF EXISTENCE, THE STATE MOVED FROM THE BOTTOM TO NEARLY THE TOP OF THE RANKING OF GERMAN STATES IN TERMS OF ECONOMIC GROWTH. ITS DEVELOPMENT EXPERTISE AND PRIME LOCATION BETWEEN FRANCE AND FRANKFURT HAVE MADE IT A KEY PLAYER IN AN EMERGING TRANSNATIONAL REGION.



Between  
France  
and  
Frankfurt



The Rhineland-Palatinate, on the left side of the Rhine Main, has long been considered a relatively tranquil area. Today, the region's rapid economic growth and central location are transforming former rural communities. The Rhineland-Palatinate's former disadvantages — the isolation imposed by borders and an unfavorable location — have been overcome, thanks to pan-European political and German economic progress.

Along the way, the state had been affixed with two somewhat contradictory images. The world's business community associated the state with BASF, Schott, and the other companies and infrastructure massed in several stretches along the Rhine. For Germany's city dwellers, the state was a refreshingly down-to-earth collection of woods and vineyards, populated by a highly sociable people speaking a guttural dialect.

Then came two great changes, which affected the state in several very immediate ways. First, the Cold War came to an end. The 250,000 Allied soldiers stationed in West Germany, of which slightly less than a third were in the Rhineland-Palatinate, began to pack their bags for reassignment. Germany was unified, and its capital was shifted to Berlin from Bonn, a city whose metropolitan area includes the Rhineland-Palatinate's northern border. Western Germany, with the highly active help of its individual states, launched an unprecedented reconstruction program in the East.

Finally, in Brussels and in Strasbourg, the ideals of 1992 were given concrete form; the relationship between the Rhineland-Palatinate and France, already the state's leading foreign trading partner, shifted into still higher gear.

"We are currently taking on all the

problems of conversion," says Jürgen Pitzer, spokesman for the Landesbank Rheinland-Pfalz. Conversion refers to the transformation of communities whose economic base had been defense industries and military complexes. The Rhineland-Palatinate plans to convert these former military sites into residential areas, industrial parks and nature reserves. The Landesbank Rheinland-Pfalz is part of a broad-based coalition currently formulating a set of pioneering approaches to what are termed "the challenges of the '90s." The coalition

YEARS OF WORK AND THE STATE GOVERNMENT'S PRO-BUSINESS ATTITUDE HAVE ATTRACTED SO MUCH OUTSIDE INVESTMENT TO THE STATE THAT INWARD INVESTMENT INTO THE RHINELAND-PALATINATE HAS CONSISTENTLY EXCEEDED OUTWARD INVESTMENT.

also includes the state government (headed by Prime Minister Rudolf Scharping and Economics Minister Rainer Brüderle), RPW (its business development agency) and leading companies.

"You have to realize," says Mr. Scharping, "that Germany had deliberately turned its back on France." In 1945, when France occupied the region between its border and the Rhine, it was renewing a three-hundred-year-old tradition, in which France had held sway in the area nearly as often as any German state.

The German authorities, during periods of control, "fortified what they could, the rest they isolated," says Mr. Brüderle. Up until 1945, there were many good roads running from north to

south along the Rhine, but only a few running from east to west. With a few notable exceptions, the area was a rural backwater with little economic and no geographic coherence.

Paradoxically enough, it was the French who created the Rhineland-Palatinate after World War II, forging an administrative district out of the Palatinate, Rhine Hesse and western Prussia regions. In a reversal of geopolitical fortune, the new state's position — on the safe, western flank of Germany — made it a desirable location for Allied air bases and a prime candidate for autobahns, railroads and other infrastructural improvements.

While the European Community's Entente Cordiale and the Allied military presence were opening up the state's western reaches, the east was thriving on Frankfurt's elevation to international importance and the convalescence of the chemical, glass-making, furniture and other industries. Years of part-time work and the state government's professional, pro-business attitude have succeeded in attracting much outside investment to the state, including such prestigious names as Daimler-Benz, Linde, IBM and General Motors. The volume of investment has been so

great that inward investment into the Rhineland-Palatinate has consistently exceeded the state's outward investment, a rarity in Germany. Today, the state is busy exporting this hard-won, 36-year-old development expertise to Eastern Germany — particularly to Thuringia, with which it enjoys close political and economic ties. The state is also applying this expertise to its "new west." France, Germany, Luxembourg and Belgium have formed the "Rhine-Sar-Lor-Lux" region to create an official framework for their attempts to harmonize differing tax, wage, environmental and accounting systems.

One important symbol of this emerging Europe is seen every day by commuters on their way to work in Kaiserslautern's automobile plants: "Paris 500 kilometers" reads the sign on the A6 autobahn, a reminder of the state's key position in an emerging transnational region.

Terry Swartzberg

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Colleen O'Connor is a Cologne-based free-lance journalist. • Terry Swartzberg is a free-lance journalist based in Munich.

Support for this advertising section has come from the State Government of Rhineland-Palatinate, RPW Rheinland-Pfälzische Gesellschaft für Wirtschaftsförderung (Business Development Authority) and the Landesbank Rheinland-Pfalz.

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Tel.: (49-6131) 132816  
Fax: (49-6131) 133130

#### Useful Information

Size:  
19,849 square kilometers  
(7,662 square miles)  
Population: 3.8 million  
Principal cities:  
Mainz (state capital) 177,000  
Ludwigshafen  
an Rhein 159,500  
Koblenz 107,900  
Kaiserslautern 97,000  
Trier 96,000  
Prime minister:  
Rudolf Scharping  
Minister for Economic  
Affairs and Transport:  
Rainer Brüderle

### CONSOLIDATING EUROPE'S CENTRAL REGION



Rudolf Scharping, 44, was born and raised in the Rhineland-Palatinate, and he was elected to its parliament in 1975. He has been the Rhineland-Palatinate's prime minister since May 21, 1991. In this interview, he speaks about the conversion of former military-based communities and other key issues of the 1990s. Following are excerpts from the interview:

What will the Rhineland-Palatinate look like 10 years from now? Will it consist of a thriving eastern half and a western half struggling with the problems of conversion?

Our challenge is to take the great economic and innovative power being created on the left bank of the Rhine and employ it to help the areas along the French, Belgian and Luxembourgian borders. These areas are strongly affected by the processes of conversion. When all parties work together, these areas can become Eu-

rope's central region, as the location is unsurpassed in terms of infrastructure and proximity. How do you attract the investors needed to transform the potential trumps of these "conversion areas" into actual ones?

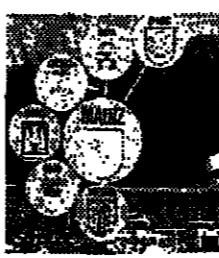
We show investors — especially Americans — what our two main advantages are. Where else will such large tracts of high-infrastructure land become available in Europe? And where else can you find a skilled work force so proficient in dealing with the outside world, especially with Americans?

Have concrete results been achieved in forging Europe's "central region"?

Quite a few. Schools and universities in Germany, France, Belgium and Luxembourg are working closely together to come up with joint educational programs. Agreements have been reached in a number of important environmental-protection projects. And we are working with the respective authorities in the other countries to improve the transport infrastructure.

Interview by Terry Swartzberg

### TREASURED FOLKLORE AND A GLOBAL VISION



Like the Bavarians, the people of the Rhineland-Palatinate possess some of Germany's most famous attractions. Where Bavaria has the famous beer gardens and marching bands wearing Lederhosen, the Rhineland-Palatinate has "Romantic Germany" with Old Father Rhine, stunning hilltop castles, vast forests (the Pfälzerwald nature park covers the entire Haardt Mountains), terraced vineyards and half-timbered houses. One of the most celebrated German castles — Burg Eltz, pictured on the back of the 500-Deutsche-mark bank note — is a 12th-century fantasy with turrets, high gables and rich ornaments of oriel windows. There is also the legendary Lorelei, immortalized in Heinrich Heine's poem of

1823 as the seductive siren who lured ships and sailors from her position on the rocky Rhine cliffs.

While Lorelei came to symbolize Rhine romance, the people of Rhineland-Palatinate, who lived in a hotbed of ancient German legend, came to epitomize something quite the opposite: the cool rationality of the German enlightenment. As democratic revolutions swept America and France in the 18th century, a group of freethinkers in Mainz followed their example and set up their own republic in 1793. Although it did not last long, Germany's first republic demonstrated the Rhinelander's preference for liberty — an attitude that is today reflected in the people's open-mindedness and warmth toward foreigners.

Most of the people in the Rhineland-Palatinate are of Frankish descent, and their openness is like a rope made strong by its many international strands: a major

center of the American military in Europe; the close alliances with the neighboring countries of Belgium, Luxembourg and France; many cross-border partnerships; and the vibrant patchwork of cultures living together in the heart of Europe at the vortex of four powerful European Community countries.

Because they have lived at the crossroads of European history, the people of the state have been shaped by centuries of disparate events and peoples: the Celts and the Romans; inventors such as Johannes Gutenberg and visionaries like Karl Marx; and the French, Prussian and Bavarian kings. Today, all these have come together in the cultural melting pot that is the Rhineland-Palatinate: more than three-and-a-half million people working in nearly 119,000 companies, with their eye on the ball of European integration and market globalization.

Colleen O'Connor

ADVERTISING SECTION

# CHEMICAL GIANT AIDS ENVIRONMENTAL CAUSE

REINLAND-PALATINATE'S THRIVING CHEMICAL INDUSTRY IS ITS MOST IMPORTANT GROWTH SECTOR. IN A RECENT SURVEY OF THE STATE'S 50 BIGGEST COMPANIES, THE TOP THREE WERE CHEMICAL COMPANIES LOCATED IN LUDWIGSHAFEN, THE MODERN INDUSTRIAL METROPOLIS ON THE RHINE RIVER.



Like Rhineland-Palatinate itself, which was created after World War II, the German chemical industry is a postwar success story. In the 1930s, the chemical company IG Farben was the largest of all German companies; the Western allies, wanting to diffuse the company's power, divided it into three parts: Bayer of Leverkusen, Hoechst near Frankfurt and BASF in Ludwigshafen. Today, BASF is the biggest chemical company in Germany (its 300 manufacturing plants in Ludwigshafen produce more than 8,000 different products), and Ludwigshafen has become the center of the German chemical industry.

Because of its premier position, BASF has become a leader in the action for a cleaner environment. In past years, many environmental groups have protested that the major chemical companies are significant contributors to such environmental problems as acid rain, smog and the threat to the ozone layer. BASF has proven an early leader in this field; however, since 1972, it has invested more than 2.5 billion Deutsche marks (\$1.5 billion) in environmental facilities.

Last June, commenting on the company's budget in an address to the board of executive directors, BASF Chairman Jürgen Strube said: "That we are not content to wait for what tomorrow brings in environmental-protection technologies, but pursue performance improvements constantly, is reflected in BASF's 1990 expenditures of almost 1.4 billion DM for this purpose: 986 million DM to operate the environmental-protection installations in Ludwigshafen and about 380 million DM for environmental projects."

Some of this money was spent on BASF's new environmental center: a state-of-the-art command post with a wall of television monitors, a complex computer network and an environmental hotline, which deals with complaints immediately. A fleet of vans, linked to the environmental-control center by radio and mobile telephones, monitors the air quality in the Ludwigshafen site and its surroundings; it can identify hundreds of individual substances with the latest analytical equipment.

In 1990, BASF spent 2.06 billion DM for research and development. Environmental-protection research, an important part of the R&D program, ranges from high-tech treatment plants to new methods of waste incineration. Past successes include two special effluent treatment plants at Ludwigshafen; one removes the minutest amounts of heavy metals from water used for scrubbing the flue gases, and the other recovers ammonia from the effluent.

In addition, BASF's R&D department focuses on developing products that are environmentally compatible. Basogel, for example, is a new type of porous glass that offers energy-saving possibilities for buildings. Cathoguard 300 is the first of BASF's waterborne paint coatings to be lead-free, while the new generation of BASF paint coatings — used by many automotive manufacturers — has up to 90 percent less solvents. Thirty years ago, BASF developed

BASF WAS AN EARLY LEADER IN THE ACTION FOR A CLEANER ENVIRONMENT. SINCE 1972, GERMANY'S LARGEST CHEMICAL COMPANY HAS INVESTED MORE THAN \$1.5 BILLION IN ENVIRONMENTAL FACILITIES.

a catalytic process (a catalyst creates the requisite chemical reactions) that detoxified waste gases from nitric-acid plants. Based on its cutting-edge catalytic technology, BASF developed catalysts designed for the special requirements of German power plants. Today, about 30 percent of Germany's electric utilities rely on BASF catalysts for detoxification.

As Mr. Strube said to his executive board: "We recognize our responsibility. It has guided us in the past, and it determines our course for the future. In keeping with this responsibility, we have dedicated ourselves to one of the principal issues of modern civilization: conserving our resources and sparing the environment."

C.O.C.



Europe's largest: Mercedes Benz AG's truck assembly plant in Würth.

# A CAPITAL FOR CARMAKERS AND HOME TO SOCCER FANS

ALTHOUGH THE MOTOR-VEHICLE INDUSTRY IS SPREAD THROUGHOUT THE STATE, KAISERSLAUTERN MAY BE CONSIDERED ITS UNOFFICIAL LOCAL CAPITAL.



Rainer Brüderle, the Rhineland-Palatinate's minister for economic affairs.



Up to the challenge: Klaus Adam, chairman of the Landesbank Rheinland-Pfalz.



Dr. Gregor Weiner, head of the state's business-development agency.



The Rhineland-Palatinate exports nearly 40 percent of all its products, a state-best result in Germany. Many assume that chemicals and wine are the Rhineland-Palatinate's two main exports. Chemicals do occupy the top slot, and the state is reportedly responsible for two-thirds of all wine bottled in Germany (and about 80 percent of all German wine exports), but exports of motor vehicles, and mechanical-engineering and office equipment surpass those of wine.

The state's motor-vehicle industry comprises Subaru's test facilities in Ingelheim; Michelin's three plants in the state; Daimler-Benz's mammoth truck-assembly plant in Würth, which produces 100,000 vehicles a year; and at least 15 other major manufacturers, each with more than 200 employees.

Coming makes catalytic converters; Keiper Recaro, automobile seats. The list of major automotive producers in Kaiserslautern is long. Topping it is General Motors and its subsidiaries, Adam Opel AG and Saginaw Deutschland GmbH.

Opel was a pioneer in Kaiserslautern. Its motor-and-components production and assembly plant was opened in 1966. The company has invested 2 billion Deutsche marks (\$1.3 billion) to date in its highly profitable facilities in Kaiserslautern and now employs some 6,500 people.

Kaiserslautern's population is just under 100,000. On Saturday afternoons, the noise from the Fritz-Walter soccer park in the Betzenberg neighborhood would indicate that the entire city and neighboring counties are on hand to cheer the FC Kaiserslautern. The soccer team, affectionately nicknamed the "Red Devils," was champion of Germany's Bundesliga in 1991, a last-to-first comeback widely attributed to the fans' fervent support.

T.S.



Merrymaking in Mainz: the most vociferous carnival in Germany.

# CONVERSION: TRICKY ROAD TO A PROMISING DECADE

THE ALLIED MILITARY PRESENCE IN THE RHINELAND-PALATINATE WILL BE GREATLY REDUCED BY 1995. THE STATE IS NOW TACKLING ONE OF THE MAIN CHALLENGES OF THE DECADE: THE CONVERSION OF FORMER MILITARY AREAS INTO INDUSTRIAL SITES, RESIDENTIAL AREAS AND NATURE PRESERVES.



The Allied military occupied "1.5 billion square meters, of which 340 million square meters were actually military facilities — the rest being protective zones and other surrounding areas," according to Rainer Brüderle, the state's minister for economic affairs.

Mr. Brüderle is a key member of the team guiding the state, and especially its western half, from military-based dependency to industrial development — a process known as

"conversion." Up to 80 percent of the 250,000 Allied troops stationed in the country will have left by 1995.

The state was known as "the nation's aircraft carrier," says Gregor Weiner, head of RPW, the state's business-development agency. More than 133,000 soldiers and civilians, both German and non-German, lived and worked on the state's military bases, located primarily in the Hunsrück, Koblenz, Eifel and Kaiserslautern areas.

Conversion poses a very promising but tricky development challenge. Prime real estate is scarce throughout the world; in Germany, large parcels already zoned for industrial development are a rarity.

Moreover, the state's military and defense sites have excellent infrastructure and supporting facilities, albeit tailored to military use.

"That's the problem: how to take this military configuration and tailor it to make it attractive to industrial developers," says Mr. Weiner, a leading specialist in this field.

Zweibrücken's American military base was recently the first to be handed back to local authorities. A commission, partially sponsored by the European Community, is looking

at a variety of development plans. Hahn is some 75 kilometers (46.5 miles) west of Mainz. It is the next base slated to be returned to local authorities. Like Zweibrücken, Hahn has one valuable advantage: an airport. Mr. Weiner says the bases will likely be developed into "centers for transport and other service companies, as well as for light industry."

Hahn, which will be served by ultraquiet aircraft, could provide the burgeoning western Rhine-Main area of Mainz and Wiesbaden with the freight connections that Frankfurt's crowded airport may soon no longer be able to offer. By the end of the year, the first commercial flights could be taking off from Hahn.

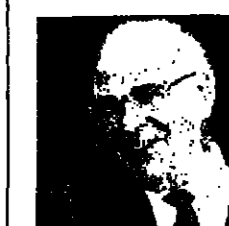
Zweibrücken could follow in the next three to four years. "The costs of conversion in the state alone would be somewhere around 3 billion Deutsche marks (\$1.9 billion)," says a spokesperson at the state's ministry for economic affairs and transport.

Not that chip manufacturers, courier services and airfreight companies are going to be the only new faces on the former military bases.

"Some 90 percent of the former military areas will go to improve the quality of life in the state, as either nature reserves or residential areas," says Rudolf Scharping, prime minister of the Rhineland-Palatinate.

T.S.

# THE MAN FROM OGGERSHEIM



"If there is one thing that is characteristic of the people of this state," says Rudolf Scharping, prime minister of the Rhineland-Palatinate, "it is how deep their roots are in their native soil." These roots remain intact even when, as is the case with one very famous native son, the state's residents seek fame and fortune in the outside world.

Oggersheim is a quiet residential community some 5 kilometers (3.1 miles) west of downtown Ludwigshafen. It was here, in 1930, that German Chancellor Helmut Kohl was born.

Mr. Kohl started his career in politics in 1959 with his election to the state's parliament. From 1969 to 1976, he was prime minister of the Rhineland-Palatinate.

Ever since his 1976 move "down the Rhine" to Bonn, which is located just over the state's northern border, Mr. Kohl has been anything but

a stranger in his homeland, as a succession of dignitaries can readily testify.

Not only have American and French presidents, Soviet general secretaries and British prime ministers been brought to the Rhineland-Palatinate for high-level summits, but many have also been served the chancellor's favorite dish: Saumagen.

Saumagen, which can be compared to Scotland's haggis, is definitely not part of the gastronomic new wave sweeping the state's prosperous communities. "I know it's the chancellor's favorite, but I've never dared try it," says one local resident.

Should the visitor wish to sample the dish, the best place to try Saumagen is at Bad Dürkheim's *Wurstmarkt*. Despite its name, this "sausage market" is in fact a sprawling wine festival. While it may not actually be the "largest wine festival" in the world, it does attract tens of thousands of people — and dozens of food and beverage stands.

T.S.

# REMAINS OF THE ROMANS IN A HISTORICAL MELTING POT



The Romans may have been the first foreign occupying power to leave its mark on the Rhineland-Palatinate, but they were by no means the last.

"The Austrians, the French — everyone swept up the Rhine," says Rainer Brüderle, the state's minister for economic affairs and transport and an amateur historian. "The Rhine has always been one of Europe's great avenues."

The result, he points out, is an architectural and cultural melting pot. Nowhere is the truth of his remarks more apparent than in Trier. Located some 10 kilometers (6.2 miles) from the Luxembourg border in the very western part of the state, Trier is Germany's oldest city. Its cityscape has a wide variety of

architectonic features, including monuments to late 20th-century education and infrastructure (a modern university and river port), 19th-century politics (Karl Marx's house of birth), 18th-century secular power (the city's town hall) and first-century transport (the Roman bridge over the Mosel).

The Romans, in the person of Julius Caesar, first arrived in Germany in 58 B.C. Their Colonia Augusta Treverorum, now called Trier, was founded in 16 B.C. In the 500 years that followed, the Romans built and built in Trier: no less than three imperial baths, a sprawling amphitheater and dozens of other structures and squares; most have yet to be completely excavated due to a lack of space.

Among all of Trier's Roman buildings, the favorite with visitors is the Porta Nigra, the city's north gate, said to be the best-preserved remnant of Roman architecture north of the Alps.

Trier is by no means the only "Roman" city in the state. A media company recently released this announcement to its backers and the general public: "We are pleased to report that excavations have revealed that our future headquarters are on one of the few sites in Mainz without any Roman ruins in its subsoil."

Immediately after the collapse of Roman civilization, this area became the hearth of Germanic lore. In the fifth century, the Burgundians swept across the Rhine. The Romanized Germans — with a little unwanted assistance from another invader, the Huns — finally drove them off to the southwest. Unlike the Romans, the Burgundians did not build lasting monuments. They made their mark on German history in another way: Their folk tale of valor and betrayal became the basis of the Nibelungen saga and the operas of Richard Wagner.

T.S.

ADVERTISING SECTION

Advertisement for 'TRENDY A VENE' wine, featuring a logo with grapes and the text 'Deutsche Weinsstraße'.

Advertisement for 'THE WOJ MASS M' featuring a landscape image and text about 'romantic landscapes'.

Advertisement for 'YOU CAN GO' featuring a landscape image and text about 'technical innovation'.

Advertisement for 'YOU CAN GO' featuring a landscape image and text about 'mental tribute to the sun'.



# TRENDY WHITE WINES: A VENERABLE TRADITION

GERMANY'S INTERNATIONALLY ACCLAIMED WHITE WINE COMES FROM SOME OF THE MOST FAMOUS VINEYARDS IN THE WORLD — THOSE OF THE RHINE, MOSELLE AND NAHE RIVERS, WHERE THE 50 MILES (80 KILOMETERS) OF STEEPLY SLOPED VINEYARDS BLEND WITH MEDIEVAL CASTLES AND HALF-TIMBERED VILLAGES TO CREATE THE ROMANTIC GERMANY OF LEGEND.



In these days of international cuisine, German white wine has become a perfect match for Japanese food. After Britain, which buys almost half the wine exports of Rhineland-Palatinate, Japan is the second-biggest customer.

which goes wonderfully with German white wine. The vineyards along the Rhine, Moselle and Nahe rivers — where vines have been cultivated for wine-making for 2,000 years — produce most of Germany's white wines. In Rhineland-Palatinate, the world-famous Deutsche Weinstraße — or German wine road — weaves through quaint wine villages with their narrow lanes of peak-roofed houses. Bad Dürkheim is the biggest wine community in Germany, and it also has the biggest annual wine festival in the world. Each village has its own unique type of wine. Each year, millions of tourists make the pilgrimage to the Weinstraße, following the advice of "The Concise

German Wine Atlas": "It is central to the experience of German wine to be guided, barrel by barrel or bottle by bottle, through the range of qualities, of different grape varieties and ages of wine that even a small farmer on the Rhine or Moselle will have in his cellar."

The most popular wines include the Riesling wines, which combine substance with finesse, and the wines from the Mueller-Thurgau, Kerner, Silvaner and Morio-Muskat grapes — pleasant, mild wines rich in bouquet and full of body.

For years, the essence of such wines has been distilled from the fruits of tradition, with ancient vaulted cellars, family-owned vineyards and wine-making secrets passed down through the centuries. Today, however, the increased competition of a single European market and a strong California white-wine industry have triggered sweeping changes in the venerable German wine tradition.

"I'm personally convinced that, in the last decade, we have had a real revolution here," says Mr. Michel. "There's a new generation of wine producers, makers and wines. To go with nouvelle cuisine, we have the nouvelle cellar master."

Surprisingly, even the character of the wine itself has changed. Once known as sweet and heavy, German wine is now dry and light — in keeping with the trendy light cuisine

of the 1990s. At ANUGA, the world's largest food market, held every two years in Cologne, there was a strong demand for the German Kabinett, the lightest wine in the world; it has a very low alcohol content of 7.5 percent, compared with an average 13 percent for other wines.

Other revolutionary changes include a return to the classical grape varieties; environmental-friendly production in which herbicides are banned and fungicides dramatically reduced; and wine labels — once regarded as incomprehensible — that are now straightforward and easy to understand.

The state's wine-growing industry accounts for 80 percent of all German wine exports, about half of which go to Britain.

Wine produced in Rhineland-Palatinate vineyards is known for its aromatic, mild, round and expressive qualities; it is said to express the essence of the unique landscape and climate. Germany is the most north-

ern wine-making country in the world, but on the Rhine's southern slopes, the river absorbs and reflects the heat, which helps the grapes ripen slowly, enhancing the delicate aromas and flavors.

Riesling, one of the world's best-known white wines, is a specialty of the region, imbued with a robust acidity and intense fruity flavors of apple, peach and apricot. Of all white grapes, it takes the longest to mature and has a few extra weeks to fetch aromas from the soil. German wine experts pick it as a winner on the future wine market.

"Worldwide, the fashion of white wine at the level of chardonnay is going down," says Mr. Michel. "By contrast, it is now overfed with the chardonnay-type wine. I see a real chance in the future for Riesling. It's lighter, fruitier, more delicate — better suited to modern life-styles. My prediction is that Riesling will be the noble grape variety of the 1990s."

C.O.C.

## EUROPE WITHOUT BORDERS IS TWIN CITIES' REALITY

Many talk about creating a Europe without borders. In Ralingen and Rosport, residents practice it on a daily basis.

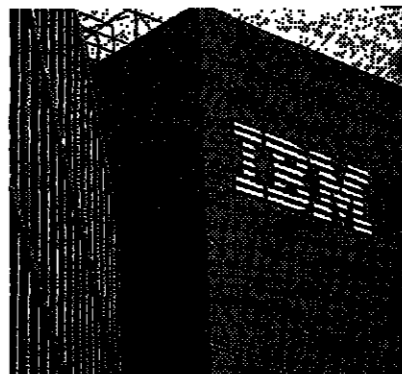
Ralingen is a little town on the German side of the River Sauer/Sauer; Rosport, an even smaller town, is on the river's western bank, in Luxembourg. Both communities are part of the German-Luxembourgian international park. One German border post, sometimes manned, generally allows the surprisingly busy traffic to simply stream past it.

Luxembourg has cheaper gas and spirits. Trier, 15 kilometers (9.3 miles) away, has the best nightlife and inexpensive groceries. For a good couscous, nothing can beat Metz, an hour away. While the local gourmands head due south to France, the bargain-hunters first fortify themselves with Belgian waffles and then scour Liege's incomparable flea market, somewhat less than two hours to the northwest.

"Weekends, we go to Paris — or Düsseldorf," says one resident. Both cities are slightly less than three hours away, traffic permitting.

The River Sauer/Sauer itself is also highly European. It is neutral, belonging to neither country's territory.

T.S.



## FROM FRINGE TO EC HEART, RISING PACE OF INVESTMENT

WITH FOREIGN INVESTORS NOW SCRAMBLING FOR A SECURE BASE WITHIN THE EUROPEAN COMMUNITY, RHEINLAND-PALATINATE IS POSITIONED TO REAP THE BENEFITS.



Last February, the Eaton Corp. of Cleveland, Ohio scored a strategic coup when it bought the Franz Kirsten Elektrotechnische Spezialfabrik in Rhineland-Palatinate.

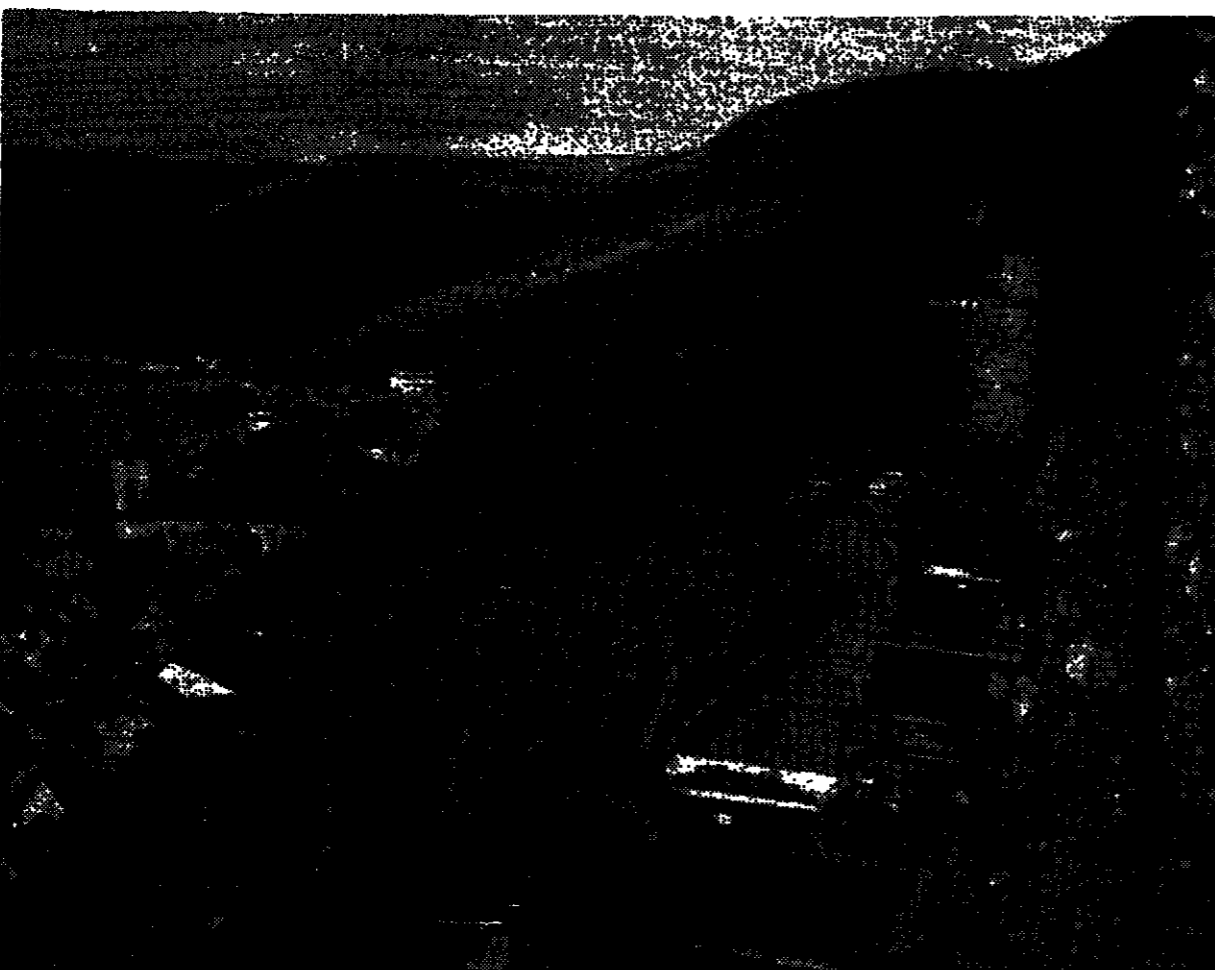
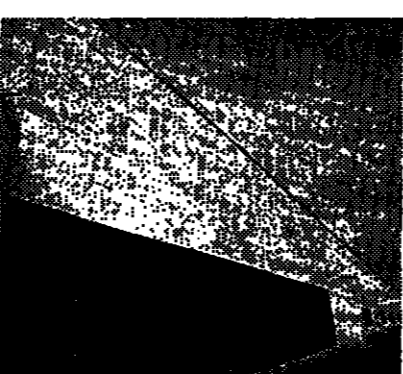
Currently, direct corporate investment in Rhineland-Palatinate totals approximately 2 billion DM, 98 percent of which comes from investors in industrial nations. France is the leading foreign investor, with 33 percent, followed by the United States, which has increased its direct investment by almost 60 percent since the beginning of the 1980s.

"There are a lot of American-educated people here," says Mr. Pitzer. "Another major advantage is that we can offer developed industrial land in a very crucial part of Germany."

The leading growth sector is the chemical industry, where investment has risen by 50 percent over the past six years, followed by the mechanical-engineering industry, where investment capital has risen sixfold over the past 10 years. In third place is the automotive industry, where the volume of direct investment has almost doubled since the mid-1970s and accounts for 20 percent of the state's total export business. Other growth sectors include the food, beverage and tobacco industries.

Rhineland-Palatinate's particular assets include prime location, a solid infrastructure, a work force with highly vocational qualities and a high level of production technology. One of the state's best qualities is its sophisticated scientific infrastructure of research institutes and university think tanks. Unique to Rhineland-Palatinate, important institutes include the Max Planck Institutes for Chemistry and Polymer Research; the Research Institute for Inorganic Materials (Glass/Ceramics); and the German Research Institute for Man-Made Intelligence. This nucleus of scientific research is a significant bonus for foreign investors specializing in new technology.

C.O.C.



The romantic landscape of the Moselle Valley.

## THE WORD FROM MAINZ: MASS MEDIA'S BIRTHPLACE

IN ADDITION TO HOSTING GERMANY'S MOST VOCIFEROUS CELEBRATIONS OF FAST-NACHT, OR CARNIVAL, MAINZ HAS ANOTHER HIGHLY COMPELLING DISTINCTION: IT IS THE BIRTHPLACE OF THE WORLD'S MASS MEDIA.

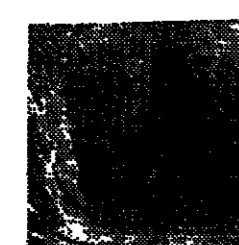


In 1452, Johannes Gensfleisch zum Gutenberg began printing the Bible. It was in such demand that Gutenberg, strong on technical innovation but weak on cash-flow accounting, soon went bankrupt trying to meet it.

Today, Mainz is intimately associated with the most modern of media: television. ZDF, a German national broadcaster, occupies a 1-million-square-meter (10.7-million-square-foot) site in Lerchenberg, a futuristic suburb a few kilometers south of downtown Mainz. Reportedly Europe's largest television broadcaster, in terms of programs produced and overall budget, ZDF now has to share its home turf with two powerful competitors.

"KUBOTA HAS BEEN MANUFACTURING COMPACT EARTH MOVERS FOR THE EUROPEAN MARKET IN ITS NEW PRODUCTION FACILITY IN ZWEIBRÜCKEN SINCE APRIL 1989. WE CHOSE ZWEIBRÜCKEN PRIMARILY BECAUSE IT IS LOCATED IN THE GEOGRAPHICAL CENTER OF EUROPE AND OFFERS GOOD CONNECTIONS TO EUROPE'S HIGHWAY NETWORK. HELPING US MAKE OUR DECISION FOR ZWEIBRÜCKEN WAS THE IMMEDIATE PROVISION OF A FULLY EQUIPPED INDUSTRIAL SITE AT VERY REASONABLE CONDITIONS. ANOTHER POSITIVE FACTOR WAS THE GOOD SUPPLY OF SKILLED PERSONNEL IN THE ZWEIBRÜCKEN REGION." MASABURO MIZUNO, MANAGING DIRECTOR, KUBOTA BAUMASCHINEN GMBH

## YOU CAN GO HOME AGAIN



Heimat means more than "home" in German. It comprises the things that inalienably and inexplicably tie one to a particular place: dialects, customs and the look of certain trees and roads.

Edgar Reitz first wrote and then filmed a monumental tribute to the concept of Heimat. His mini-series of the same name, which won prizes in the world's major television and film festivals, was set in the Hunsrück.

The Hunsrück is a range of low mountains stretching some 100 kilometers (62 miles) across the northern tier of the Rhineland-Palatinate.

Like the Eiffel, its counterpart on the northern side of the Moselle River, the Hunsrück has recently undergone a sudden change in image.

Once dismissed as a backward collection of subsistence farms scattered in an impenetrable

wood, the Hunsrück and the rest of the "wild west" — the western part of the state — are now labeled "unspoiled." As the Hunsrück is less than two hours away from Germany's two largest metropolitan areas, vacation homes are now springing up throughout the region. While Bavarian-style farmhouses are a familiar sight throughout Germany, the Hunsrück is giving the country a new architectural style to disseminate: the "Heimat look."

Despite this carefully calculated unpretentiousness, a castle would probably be more fitting as an architectural role model in the Rhineland-Palatinate — for linguistic reasons. The "Palatinate" in the state's name stems directly from the hill of the same name in the city of Rome. Over the centuries, a "Pallas" came to mean a fortified hill, and its lord was called a "Paladin."

The strategic routes along the Rhine were so heavily fortified that the fortress became a synonym for the entire region.

T.S.

## PACKING FOR AMERICA: FARMS FOLLOW THE PEOPLE



For the last three centuries, people packing their belongings for the voyage to America have been a common sight in the Rhineland-Palatinate.

In 1709, those leaving for America included about 25,000 farmers and religious dissenters (Mennonites) fleeing a century of war and economic deprivation in the Rhineland and Palatinate regions. Over the next 200 years, hundreds of thousands followed. To their new homelands on the Eastern Seaboard — primarily Pennsylvania, Maryland and Virginia — the new Americans brought their agricultural skills, dialects and customs. These characteristics, transformed by time, now make up many Americans' typical image

In 1992, packing for America is once more on many agendas. Some 50,000 Americans — soldiers, civilians and their families — are preparing to leave "K Town" (Kaiserslautern), "T.T." (Trarbach), and a dozen other communities and counties for reassignment in America.

The people of the Rhineland-Palatinate have been emigrating to America for about 300 years. Today, some of their homes are following them.

"The only thing they had room for in their belongings was the clockwork from their grandfather clocks," says Hartmann-Manfred Schärf, who recently and unexpectedly acquired a new specialty: sending along the farmsteads, which immigrants obviously could not take with them. Mr. Schärf, 54, is a highly regarded Worms-based architect who normally spends his time working on castles and museums. Thanks to his expertise in historical buildings, he was asked to dis-

semble and then ship two 18th-century Palatinate farmsteads to the Museum of American Frontier Culture.

The museum, located in Staunton, Virginia, strives for authenticity. After securing original Scotch-Irish, British and American farmsteads, the museum began looking for one from the Rhineland-Palatinate.

Over many months of unpaid work, Mr. Schärf, working under the auspices of the state of Rhineland-Palatinate's ministry for cultural affairs, supervised the beam-by-beam dismantling of the first farmstead, which had been standing in the town of Hördt in the southern part of the state. He also supervised the careful cataloging and shipping of the farmstead to Virginia. Then a second farmstead was requested. Finally, Mr. Schärf was appointed to the museum's board of directors.

T.S.

Herald International Tribune

From Recession to What?

Retail sales are up in the United States. Industrial production is up. So are housing starts, nonfarm employment, exports and business confidence.

summer. There is no guarantee that a 1992 recovery won't also abort. But that is unlikely because the Fed's new policy should keep sectors that depend on low-interest loans — residential housing, consumer durables and corporate investment — healthy.

A UN Role in Kashmir

When imperial Britain agreed to partition India and Pakistan, some 562 princely rulers had to decide which country to join.

arrests, diminished citizenship and economic collapse. Srinagar and the Vale of Kashmir, once magnets for tourism, have become forlorn zones of strife.

The Cartoon Is Wrong

When in trouble, change the subject; that is how George Bush responded on Friday to the Democrats' tax bill.

for partly by domestic spending cuts but also by transparent gimmicks and, if necessary, a breach in the budget agreement in the form of a shift of funds from defense.

From Here On, More Consultation, Less Going It Alone

WASHINGTON — "It seems to me," writes George Perkovich of the W. Alton Jones Foundation, "that we are at a moment when integrative and disintegrative forces are tugging at the world with near-equal strength."

single superpower. They prefer concentrating on security problems. Even there, however, the single-superpower folks are slow to accept that the U.S. political system no longer easily supports large, expensive American military expeditions.

In Jerry Brown the Democrats Have a Demagogue of Their Own

BOSTON — When Jerry Brown was elected governor of California in 1974, his campaign finance director was Richard Mauldin.

Clinton is a partner, is one of the three largest in Arkansas, so the fact that it handles cases connected with the state is unremarkable.

Caveat Elector: We Are What We Elect

PARIS — Seen from abroad, American looks at times like a country having a temper tantrum instead of an election.



The Real Scandal in Washington Is All This Influence Money

WASHINGTON — Wait a minute. Stop. Hold on. It's the wrong scandal. Yes, the House bank affair is serious business.

finance chairman, Mr. Rockefeller will have a key role in this campaign. What is a U.S. senator doing involved in an effort to solicit huge campaign contributions like this?

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen. Includes contact information for various offices and a small logo.

Financial market data including 'CAPITAL MA Sell-Off Through Europe', 'CURRENCY RA', and 'Last Week's M'. Includes various tables of exchange rates and market indices.



WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 323 11 30. Prices may vary according to market conditions and other factors. March 20

Canadian Dollars

Table of Canadian Dollar bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Short Term

Table of Short Term bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

ECU Straights

Table of ECU Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Corporates

Table of Corporate bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

ECU Straights

Table of ECU Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Pound Sterling

Table of Pound Sterling bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Yen Straights

Table of Yen Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Government/Supnationals

Table of Government/Supnationals bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Government/Supnationals

Table of Government/Supnationals bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Set.

Large table of bond prices, likely continuing from the previous section, with columns for Issuer, Con, Mat, Price, Yld, and Set.

MUTUAL FUNDS

Figures as of close of trading Friday, March 20.

Table of Mutual Fund prices, including columns for Fund Name, Price, and other details.

Table of Mutual Fund prices, including columns for Fund Name, Price, and other details.

Vertical sidebar containing various financial advertisements and notices, including 'New Intern', 'Red-Coupons', 'BUSINESS', 'Apple Sets IBM-C', 'Singapore Aerosp', 'Soviet Bank's Deb', and 'New York's Stake in A'.

New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, and Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

Recovery, Indigestion Hurt Bonds

Record Auctions Are Ahead as Corporate Issues Swell

NEW YORK — Prices of U.S. government bonds... Recovery data in the second quarter will make it difficult for long-term bond yields to sustain a level below 8 percent until growth begins to slow in the third quarter...

The market's bellwether security, the 30-year Treasury, which had fallen more than 3 points over the previous two weeks, rose 7/32 point, closing at 99 15/32.

U.S. CREDIT MARKETS

The week of Federal Reserve Bank of Philadelphia that its diffusion index of general business conditions rose to a positive 18.4 in March from a negative 0.9 in February...

But prices plummeted late in the week after news from the Federal Reserve Bank of Philadelphia that its diffusion index of general business conditions rose to a positive 18.4 in March from a negative 0.9 in February...

The Philadelphia Fed's survey, which covers businesses in the Middle Atlantic states, is seen by some as a fairly accurate early indicator of the better-known monthly survey of U.S. purchasing managers, which will be released on April 1.

Bond investors do not like news of economic strength because they worry that growth will push up inflation and interest rates, trends that reduce the value of bonds.

Fed Probe Focuses On Treasury Issue

By Kenneth N. Gilpin NEW YORK Times Service

NEW YORK — The Federal Reserve Bank of New York confirmed that it was conducting an investigation into a possible squeeze, or artificial shortage, of seven-year Treasury notes.

Reports that the New York Fed and the Treasury Department were asking major government securities dealers about a squeeze were initially carried last week by the Bloomberg news service.

Concern about a possible squeeze prompted the Fed to send letters on March 10 to all primary dealers — the 38 banks and investment firms approved for direct dealing with the Federal Reserve Bank of New York — requesting daily information since March 11 on each firm's immediate and net forward position in the 6 1/2 percent seven-year notes.

The request sought information on notes held or controlled through repurchase transactions. Although the price of the actual notes has been weak, the securities have become hard to find in the repo market, in which firms use securities as collateral for overnight loans.

The seven-year note is in such demand that a repo now trades at 3/4 of 1 percent, compared with an overnight financing rate of 4.15 percent.

Late Friday, the 6 1/2 percent securities were offered at a price of 94 26/32, to yield 7.35 percent.

GERMANY: Property Troubles PERFUME: A Common Air

(Continued from first finance page) now," said Johannes Ran, a former candidate for the chancellorship from the opposition Social Democratic Party.

Mr. Ran, prime minister of the western state of North Rhine-Westphalia, joined recently with Manfred Stolpe, his counterpart in the eastern state of Brandenburg, to call for a new approach to break the logjam.

The campaign has been joined not only by Social Democrats but also by politicians from all parties in Eastern Germany and even by Economics Minister Jürgen Möllemann, a member of the minority partner in the ruling coalition.

Kurt Biedenkopf, prime minister of Saxony and a member of Chancellor Helmut Kohl's own party, called the current legal approach a "catastrophe for investors" that is so complicated that "hardly any Western lawyer understands it, not to speak of Saxon property offices where there are hardly any lawyers."

JAPAN: Serious Missteps in U.S. Property Market

(Continued from first finance page) date has been that of Minoru Isumi, the Japanese developer who reportedly lost more than \$300 million during his brief ownership of the Pebble Beach golf complex in Monterey, California. But dozens of lesser lights have taken their lumps as well.

In the Palm Springs area, several Japanese investors who pumped millions of dollars into upgrading hotels and golf courses are ailing. GGS Co., which owns the Hyatt Regency Suites and the Rancho Mirage Country Club, has filed for bankruptcy in Japan.

Maruko Inc., the Tokyo-based real estate company that bought the Hyatt Grand Champions golf and tennis resort here in March 1990 for \$66.8 million, is in bankruptcy court in Japan and the United States, and would be lucky to recoup half its initial investment, according to an independent appraisal.

The seller in that deal: the U.S. Resolution Trust Corp., the federal agency responsible for disposing of the assets of failed savings and loan institutions.

"It's all a matter of perspective," said Jack Bartlett, a managing partner in the Los Angeles office of Kenneth Leventhal & Co. "Maruko bought at a discount from the RTC. It looked like a smart buy back then, and it probably would have been if they had the financial horsepower to get through the cycle. But they didn't. Now it looks like the RTC was pretty smart."

Euromarkets At a Glance

Table showing Eurobond Yields for various maturities and currencies, including U.S. \$ 5 to 7 yrs, U.S. \$ 10 to 15 yrs, etc.

Weekly Sales

Table showing weekly sales for Euromarkets, including categories like Straight, Convert, and Total.

Labor Rates

Table showing labor rates for various countries and currencies, including U.S., Canada, France, West Germany, etc.

U.S. Treasury Bonds

Table showing U.S. Treasury Bonds with columns for Maturity, Bid, Ask, and Yield.

U.S. Consumer Rates

Table showing U.S. Consumer Rates for various financial products like 1-month, 3-month, 6-month, and 1-year.

Robbery Nets \$185 Million of Bonds

NEW YORK — A robber snatched \$185 million in negotiable bonds from a messenger for Goldman, Sachs & Co. on Friday, police said.

The messenger left her office about 3 P.M. with a manila envelope containing \$185 million in negotiable bonds, said a police spokesman, without identifying her.

On the way to her destination, the spokesman said, someone approached the messenger and took the bonds. The spokesman said it was not clear whether the suspect was male or female. The suspect fled and the messenger returned to her office unharmed, he added. There was no mention of a weapon.

WALL STREET REVIEW

Table with columns for NYSE Most Actives and AMEX Most Actives, listing various stocks and their trading volumes.

Table with columns for NYSE Sales and AMEX Sales, showing total sales for the week and year-to-date.

Table with columns for NYSE Dividends and AMEX Dividends, showing dividend payments for various stocks.

WORLD NATURAL RESOURCES PORTFOLIO

Notice is hereby given to all shareholders of WORLD NATURAL RESOURCES PORTFOLIO that for the fiscal year ended November 30, 1991, WORLD NATURAL RESOURCES PORTFOLIO will pay on March 31, 1992 a dividend to the shareholders on record on March 17, 1992.

DIVIDEND NOTICE

The amounts of dividend per share in the relevant classes are as follows: Class A shares: US\$0.119; Class B shares: US\$0.111.

INTERNATIONAL BusinessWeek

This week's topics: Japan's Mieno Says No Loudly, Citibank's Asian Invasion, How Europe Stamped Chrysler's Boss, Breakthroughs In Gene Therapy, America's Biggest Casino Roller.

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BUSINESS BRIEFS

Apple Sets IBM-Compatible Printers

CUPERTINO, California (AP) — Apple Computer Inc. on Monday will introduce printers and scanners for IBM-type personal computers as part of its plan to allow customers to better mix and match Macintosh computers with other models.

Singapore Aerospace Revenue Soars

SINGAPORE (AFP) — A 60 percent jump in group revenue helped boost Singapore Aerospace's pretax profit to \$3 million Singapore dollars (\$20 million) in 1991 from about \$2 million in 1990.

Soviet Bank's Debt Is \$5.4 Billion

MOSCOW (AFP) — The former Soviet foreign trade bank owes \$5.4 billion to foreign creditors, 15 percent to 20 percent of which is owed to commercial banks, according to a Russian central bank official.

Trump's Stake in Alexander's to Citi

NEW YORK (UPI) — Donald Trump has agreed to transfer his 27 percent stake in the discount department store chain Alexander's Inc. to Citicorp as part of his recent debt-restructuring agreement.

For the Record

Citicorp sold \$175 million worth of a new issue of 9.08 percent preferred stock, raising the issue to 7 million shares from 6 million because of strong demand, the banking company said.

CAPITAL: Sell-Off Threat in European Markets

(Continued from first finance page) Socialists are expected to fare poorly, appear likely to undermine the government's resolve to stick to its anti-inflation policy.

Although both the Conservative and Labor parties have ruled out a devaluation of the pound within the exchange-rate mechanism, Britain is widely perceived to be the weakest link in the system. If it devalues, Italy is expected to follow.

"Markets are very nervous," said Jim O'Neill, Swiss Bank Corp.'s London-based analyst. "Britain and Italy are the most vulnerable, but I don't believe Britain will devalue if France holds out."

"All eyes are on Paris. If France loses its nerve, then the whole European story has got problems," he said.

Summing up a widely held view, John Lipsky of Salomon Brothers Inc. said that "it's hard to envision at this late date France abandoning what has been the cornerstone of its economic policy."

BONDS: Issue Is Halted

(Continued from first finance page) pounds and yen at annual interest rates of 8.75 percent, 10.25 percent, 11.75 percent and 7.75 percent, respectively. The dollar rate was more than double the current rate available on short-term U.S. Treasury paper.

Central bank officials said the bonds had been launched to attract badly needed foreign exchange for Pakistan, which had a \$2.3 billion current-account deficit last year and a trade deficit of \$1.9 billion.

U.S. authorities indicted several Pakistani bankers last year on fraud charges in connection with the Bank of Credit & Commerce International.

In a statement Sunday, the opposition leader and former prime minister, Benazir Bhutto, accused the government of her successor, Nawaz Sharif, of promoting the illegal sale of foreign-exchange bonds in the United States. She said the sale ruined the country's financial reputation by portraying the central bank and the government as "agents for laundering black money."

DEFICIT: China Will Borrow

(Continued from first finance page) vast swathes of grain-producing eastern provinces.

But one Western diplomat said, "I'm wary about what they say about the floods. It may be a convenient scapegoat."

Chief among China's financial problems, which Mr. Wang acknowledged, are large subsidies to state industries and the cost of a cradle-to-grave system of welfare payments for food, housing and medical treatment. In 1992, \$0.7 billion yuan will go for such subsidies.

The finance minister announced several measures aimed at curbing state industries, including reducing income tax on enterprises from 55 percent to 33 percent over the next three years.

Mr. Wang's plan relies also on more effective tax collection and reducing financial mismanagement.

Tight spending will not affect the military, whose budget will be increased 12 percent, to 37 billion yuan. Analysts said the rise in military spending reflected China's increasing concern following the success of high-technology weapons in the Gulf War to upgrade its military hardware.

MUTUAL FUNDS

Table showing mutual fund performance with columns for Bid, Ask, and various fund names like Grinc, NY 77, etc.



AMERICAN EXCHANGE OPTIONS

Table with columns for Option & price, Calls, Puts, and various market data for American exchange options.

WORLD STOCKS IN REVIEW

Amsterdam: Share prices posted slight gains in a week of directionless trading. The CBS all-share index closed at 205.90 points Friday, up from 204.40 points a week earlier.
London: Pre-election jitters and disappointing economic statistics pushed down share prices.
Frankfurt: The DAX spot index gained 3.66 points, or 0.21 percent, during the week to close at 1,736.30 points.
Hong Kong: A poor performance by the Tokyo stock market and Hongkong & Shanghai Bank's planned takeover of Midland Bank of Britain pushed down share prices.
Milan: The market shook off the doldrums and reversed its recent slide, with the MIB index gaining 3 points, or 0.30 percent, to 1,008.

California Fund Threatens Directors of 10 Firms

By Richard L. Stevenson
New York Times Service
LOS ANGELES — California's influential public pension fund has turned up the heat on 10 companies — including giants such as International Business Machines Corp., Time Warner Inc. and Polaroid Corp. — by threatening to vote against the re-election of their directors if they do not change policies that it contends give short shrift to shareholders.
The fund, the California Public Employees Retirement System, said Friday that the companies paid their top managers excessively, stacked their boards with their own executives or failed to consider shareholders' interests in setting corporate strategy.

Invest: Japan Is No Longer a Source of Funds for Rest of the World

(Continued from page 1)
of Japanese money is changing. It is not automatic that that money will flow to the United States anymore. Japanese investors are getting more sophisticated, and more cautious.
The huge shift by no means suggests Japan is getting poorer or losing its ability to influence the global financial markets. Indeed, Japan remains the world's largest creditor nation.
What is in some ways puzzling about the trend is that Japan's trade surpluses, which helped fuel the original investment boom, are swelling to record levels after narrowing briefly in the late 1980s. Last year Japan's trade surplus with the world reached \$103 billion, and it is expected to grow this year. Forty percent of the surplus comes in trade with the United States.
But Japan is now marshaling its money for use at home, as it murses a creaky financial system, awakens institutions are following that strategy.
From 1988 to the end of 1990, Japanese investors put about \$52 billion into the United States, snapping up everything from the makers and real estate to new factories. In the first nine months of last year, that figure plummeted to \$2.3 billion. The Japanese made a net investment of \$30.7 billion in U.S. government securities in 1988, the peak year; they are now net sellers.
Mr. Okumura of Nomura Research said the shift in the flow of money was also a sign that Japanese investors had moved into the second phase of their international financial expansion. Japanese banks, insurance companies and brokerage houses at first merely wanted to build up substantial portfolios. Mr. Okumura said, no matter what the exchange rates were. Now, he said, they are managing and shifting those assets, rather than increasing them.

CHICAGO EXCHANGE OPTIONS

Table with columns for Option & price, Calls, Puts, and various market data for Chicago exchange options.

For investment information read THE MONEY REPORT every Saturday in the IHT

NASDAQ NATIONAL MARKET

Table with columns for OTC Consolidated trading for week ended Friday, March 20, and various market data for NASDAQ National Market.

Other big Japanese financial in-

Table with columns for various financial data and market information for other big Japanese financial institutions.







5 Stars Who Electrify the Firmament

By Suzy Menkes
Paris—Woman's right to choose was affirmed with electric energy during a grand weekend for fashion.

PARIS FASHION
fabric falling from shoulder to cuff on a chalk-white coat. Or Jean-Paul Gaultier's skintight jodhpurs under a pinstripe stretch jacket.



Christian Lacroix's skinny dress and big coat, left, and Claude Montana's sculpted high-waist pantsuit.

exquisite attention to detail, from the scarlet gloves with a lattice of silver, to the shimmering stilettoe bracelets and hair set in a swirl wave. The graphic colors were softened by gradations of ink blue to storm purple on knitted dresses.

LANGUAGE
Slavonic and Eurasian Analysis

By William Safire
WASHINGTON — We have a word that is no longer attached to a thing. In philology, that could be put this way: the sign is detached from the fractionated referent.

ing, even if it is a bit hard on Jim (Harlot) Angleton. "Slavic" is a branch of the Indo-European language family; the language lodge is important in this. Like all Gaul, it is divided into East Slavic (Moscow, Minsk-Kiev and environs), West Slavic (Polish, Czech and Slovak) and South Slavic (Serbo-Croatian, Bulgarian and Macedonian); there seems to be no North Slavic, and the Baltics like it that way. If you want to separate groups of republics, one way is to use "the Slavic republics" and "the Turkic republics."

The Global Newspaper
French Un... What Foll... Against th...
By Alan Riding
By Robert M. Gates...

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INTERNATIONAL RECRUITMENT
You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Feature.

Table with 2 columns: POSITION/LOCATION and COMPANY. Includes roles like INFORMATION OFFICER (English Desk)/Rome, DIRECTEUR GENERAL ADJOINT/USA, AUDIT OFFICER (F3)/Rome, EUROPEAN SALES MANAGER/Belgium, MANAGING DIRECTOR (Publishing)/Budapest, TECHNICAL MARKETING REPRESENTATIVE/Geneva, AGRICULTURAL SECTOR ASSISTANCE PROGRAM/Malawi, ASSISTANT DIRECTOR (Administration Division)/Munich, HEAD - DIVISION OF BUSINESS ADMINISTRATION & SOCIAL SCIENCES/London, TEACHING (Graduate Level)/Paris, DIRECTEUR D'UN RESTAURANT DE LUXE/Paris.

In Kinnock Learning f...
By Craig New York
RUSCA Wales — Keith J. Pre... says the governing Conservative Party has not seen what he'll do.

U.S. Women
By R. W. Apple Jr.
WASHINGTON — A wave of... women's movements have raised hopes that a long-entrenched...